

AMENDED IN SENATE MARCH 30, 2006

SENATE BILL

No. 1448

Introduced by Senator Kuehl

February 23, 2006

~~An act to add Article 6 (commencing with Section 14690) to Chapter 8.8 of Part 3 of Division 9 of, and to add Part 3.5~~*An act to amend Section 14166.21 of, and to add and repeal Part 3.5 (commencing with Section 15900) to of Division 9 of, the Welfare and Institutions Code, relating to health care, and declaring the urgency thereof, to take effect immediately.*

LEGISLATIVE COUNSEL'S DIGEST

SB 1448, as amended, Kuehl. Health care: Medi-Cal: *uninsured persons*.

Existing law provides for the Medi-Cal program, which is administered by the State Department of Health Services and which provides health care services to qualified low-income recipients. The Medi-Cal program is partially governed and funded by federal Medicaid provisions. Existing law, the Hospital/Uninsured Care Demonstration Project Act, implements that portion of a specified federally approved Medicaid demonstration project waiver relating to hospital funding.

Existing law establishes the Health Care Support Fund, which is continuously appropriated to the department for specified purposes related to the implementation of the above demonstration project waiver.

This bill would ~~state the intent of the Legislature to implement that~~ portion of the federally-approved demonstration project waiver relating to the expansion of Medi-Cal managed care enrollment and

the extension of health care coverage to individuals currently uninsured. The bill would, in implementation of that waiver and subject to federal financial participation, enact the ~~Healthcare~~ *Health Care Coverage Initiative Act* for the purpose of extending health care coverage to those individuals. *The bill would require that the initiative be designed and implemented to achieve specified outcomes, including expanding the number of Californians who have health care coverage. It would require the department to award the funds made available from the Health Care Support Fund to fund the initiative, and to make awards to programs that best meet the requirements and desired outcomes of the initiative. The bill would provide that a county, city and county, or consortium of more than one county is eligible to apply for the initiative funds, would specify application requirements, and would require the department to make awards to at least three entities and to seek to balance the awards throughout geographic areas of the state. Awards would be made for a 3-year period, and grantees would be required to provide local matching funds necessary to claim federal funds. The bill would require that federal funds under the initiative supplement, and not supplant, funds that would otherwise be used for health care services, and would limit the amount of award payments that may be used for program administration.*

The bill would require the Joint Legislative Budget Committee to evaluate the initiative, and would require the department to monitor the programs funded under the initiative for compliance with applicable requirements.

The bill would provide that the provisions governing the initiative shall become inoperative on the date that the director executes a declaration stating that the federal demonstration project waiver has been terminated by the federal Centers for Medicare and Medicaid Services, and shall, 6 months after the date the declaration is executed, be repealed.

This bill would declare that it is to take effect immediately as an urgency statute.

Vote: ~~majority~~^{2/3}. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 *SECTION 1. Section 14166.21 of the Welfare and Institutions*
- 2 *Code is amended to read:*

1 14166.21. (a) The Health Care Support Fund is hereby
2 established in the State Treasury. Notwithstanding Section 13340
3 of the Government Code, the fund shall be continuously
4 appropriated to the department for the purposes specified in this
5 article.

6 (b) Amounts in the Health Care Support Fund shall be paid in
7 the following order of priority:

8 (1) To hospitals for services rendered to Medi-Cal
9 beneficiaries and the uninsured in an amount necessary to meet
10 the aggregate baseline funding amount, or the adjusted aggregate
11 baseline funding amount for project years after the 2005-06
12 project year, as specified in subdivision (d) of Section 14166.5,
13 subdivision (b) of Section 14166.13, and Section 14166.18,
14 taking into account all other payments to each hospital under this
15 article. If the amount in the Health Care Support Fund is
16 inadequate to provide full aggregate baseline funding, or adjusted
17 aggregate baseline funding, to all designated public hospitals,
18 project year private DSH hospitals, and nondesignated public
19 hospitals, each group's payments shall be reduced pro rata.

20 (2) To the extent necessary to maximize federal funding under
21 the demonstration project and consistent with Section 14166.22,
22 the department may obtain safety net care pool funds based on
23 health care expenditures incurred by the department for
24 uncompensated medical care costs of medical services provided
25 to uninsured individuals, as approved by the federal Centers for
26 Medicare and Medicaid Services. *These expenditures shall*
27 *include those incurred under the Health Care Coverage Initiative*
28 *established pursuant to Part 3.5 (commencing with Section*
29 *15900).*

30 (3) Stabilization funding, allocated and paid in accordance
31 with Sections 14166.75, 14166.14, and 14166.19.

32 ~~(4)~~

33 (c) Any amounts remaining after final reconciliation of all
34 amounts due at the end of a project year shall remain available
35 for payments in accordance with this section in the next project
36 year.

37 ~~(5)~~

38 (d) The fund shall include any interest that accrues on amounts
39 in the fund.

1 *SEC. 2. Part 3.5 (commencing with Section 15900) is added*
2 *to Division 9 of the Welfare and Institutions Code, to read:*

3
4 **PART 3.5. HEALTH CARE COVERAGE INITIATIVE**
5

6 15900. *The Legislature finds and declares the following:*

7 (a) *Approximately 21 percent of nonelderly Californians lack*
8 *health insurance coverage. Many are low-income individuals*
9 *who are not eligible for existing public health coverage*
10 *programs.*

11 (b) *California will receive one hundred eighty million dollars*
12 *(\$180,000,000) in federal funds for three years to fund a Health*
13 *Care Coverage Initiative for uninsured individuals. These funds*
14 *are to be provided pursuant to the Special Terms and Conditions*
15 *of California's Section 1115 Medicaid demonstration project*
16 *waiver number 11-W-00193/9 relating to hospital financing and*
17 *health coverage expansion.*

18 (c) *California's health care safety net system plays an*
19 *essential role in delivering critical health services to low-income*
20 *individuals.*

21 (d) *Local governments have the unique ability to design health*
22 *service delivery models that meet the needs of their diverse*
23 *populations and build on local infrastructures.*

24 15901. (a) *There is hereby established the Health Care*
25 *Coverage Initiative to expand health care coverage to*
26 *low-income uninsured individuals in California.*

27 (b) *The Health Care Coverage Initiative shall operate*
28 *pursuant to the special Terms and Conditions of California's*
29 *Section 1115 Medicaid demonstration project waiver number*
30 *11-W-00193/9 relating to hospital financing and health coverage*
31 *expansion that became effective September 1, 2005. The initiative*
32 *shall be implemented only to the extent that federal financial*
33 *participation is available.*

34 15902. (a) *Persons eligible to be served by the Health Care*
35 *Coverage Initiative are low-income uninsured individuals who*
36 *are not currently eligible for the Medi-Cal program, Healthy*
37 *Families Program, or Access for Infants and Mothers program.*

38 (b) *Funding for the Health Care Coverage Initiative shall be*
39 *used to expand health care coverage for uninsured individuals,*
40 *which may include case management services to assist*

1 *individuals to complete the disability determination process for*
2 *the Supplemental Security Income/State Supplementary Program.*

3 *(c) Any expansion of health care coverage for uninsured*
4 *individuals shall not diminish access to health care available for*
5 *other uninsured individuals, including access through public*
6 *hospitals, county clinics, or community clinics.*

7 *(d) The Health Care Coverage Initiative shall not be*
8 *considered a state entitlement program.*

9 *15903. The Health Care Coverage Initiative shall be*
10 *designed and implemented to achieve all of the following*
11 *outcomes:*

12 *(a) Expand the number of Californians who have health care*
13 *coverage.*

14 *(b) Strengthen and build upon the local health care safety net*
15 *system, including public hospitals, county clinics, and community*
16 *clinics.*

17 *(c) Improve access to high quality health care and health*
18 *outcomes for individuals.*

19 *(d) Create efficiencies in the delivery of health services that*
20 *could lead to savings in health care costs.*

21 *(e) Provide grounds for long-term sustainability of the*
22 *programs funded under the initiative.*

23 *(f) Implement programs in an expeditious manner in order to*
24 *meet federal requirements regarding the timing of expenditures.*

25 *15904. (a) The State Department of Health Services shall*
26 *issue a request for applications for funding the Health Care*
27 *Coverage Initiative.*

28 *(b) The department shall award the funds made available from*
29 *the Health Care Support Fund established pursuant to Section*
30 *14166.21 to fund the initiative. The department shall make*
31 *awards to programs that best meet the requirements and desired*
32 *outcomes pursuant to this part.*

33 *(c) Entities eligible to apply for the initiative funds are a*
34 *county, city and county, or consortium of counties serving a*
35 *region consisting of more than one county.*

36 *(d) The department shall make awards to at least three*
37 *entities. The department shall seek to balance the awards*
38 *throughout geographic areas of the state.*

39 *(e) Each county, city and county, or consortium of counties*
40 *that is awarded funding shall provide the necessary local*

1 *matching funds consisting of certified public expenditures to*
2 *claim the funds made available from the Health Care Support*
3 *Fund. The certified public expenditures shall meet the*
4 *requirements of the special Terms and Conditions of California's*
5 *Section 1115 Medicaid demonstration project waiver number*
6 *11-W-00193/9 relating to hospital financing and health coverage*
7 *expansion that became effective September 1, 2005.*

8 *(f) Each award granted shall be available to the grantee for a*
9 *three-year period. Grantees shall expend the funds according to*
10 *an expenditure schedule as determined by the department.*

11 *(g) The department may reallocate funds among the awarded*
12 *counties, cities or counties, or consortiums of counties receiving*
13 *funding if necessary to meet federal requirements regarding the*
14 *timing of expenditures. If a grantee fails to substantially comply*
15 *with the requirements of this part, the department may reallocate*
16 *funds to other grantees. Grantees receiving reallocated funds*
17 *shall provide the necessary local matching funds consisting of*
18 *certified public expenditures.*

19 *(h) No more than 5 percent of the award payments shall be*
20 *used by counties, cities or counties, or consortiums of counties*
21 *for program administration.*

22 *(i) Federal funds provided for the initiative shall supplement,*
23 *and not supplant, any county, city and county, state, or federal*
24 *funds that would otherwise be spent on health care services in*
25 *the awarded county, city and county, or consortium of counties.*

26 *15905. Applications submitted to the department shall*
27 *include, but not be limited to, each of the following:*

28 *(a) A description of the proposed health care coverage*
29 *program.*

30 *(b) A description of the population to be served.*

31 *(c) A list of health care providers participating in the*
32 *program.*

33 *(d) A list of the health benefits to be provided.*

34 *(e) A calculation of the average cost per individual served.*

35 *(f) The number of individuals to be served.*

36 *(g) The mechanism for the county, city and county, or*
37 *consortium of counties to distribute the funds to providers and*
38 *other entities.*

39 *(h) A description of the source of local matching funds.*

1 (i) A description of how the project will strengthen the local
2 health care safety net system.

3 (j) A consent form signed by the applicant to provide
4 requested data elements.

5 15906. (a) The Joint Legislative Budget Committee shall
6 seek partnership with an independent, nonprofit group or
7 foundation, an academic institution, or a governmental entity
8 providing grants for health-related activities, to evaluate the
9 programs funded under the initiative.

10 (b) The evaluation shall, at a minimum, include an assessment
11 of the extent to which the programs have met the outcomes listed
12 in Section 15903.

13 (c) The department and the awarded entities shall provide the
14 data for the evaluation.

15 (d) The evaluation shall be submitted concurrently to the
16 appropriate policy and fiscal committees of the Legislature and
17 to the Secretary of Health and Human Services.

18 (e) No state General Fund moneys or federal Health Care
19 Coverage Initiative funds shall be used to fund the evaluation.

20 15907. (a) The department shall monitor the programs
21 funded under the initiative for compliance with applicable
22 federal requirements and the requirements under this part.

23 (b) To the extent necessary to implement this part, the
24 department shall submit, by September 1, 2006, to the federal
25 Centers for Medicare and Medicaid Services, proposed waiver
26 amendments on the structure of, and eligibility and benefits
27 under, the Health Care Coverage Initiative.

28 (c) The department shall monitor the awards at least quarterly
29 for spending levels. If a grantee is unable to meet its spending
30 targets, the department may reallocate funds to other grantees in
31 order to prevent federal funds from reverting from the state to the
32 federal government.

33 (d) No funds made available from the Health Care Support
34 Fund for the Health Care Coverage Initiative may be used for
35 administration by the department.

36 (e) Contracts awarded to a county, city or county or
37 consortium of counties pursuant to this part shall not be subject
38 to Part 2 (commencing with Section 10100) of Division 2 of the
39 Public Contract Code.

1 (f) The department may adopt regulations to implement this
2 part. These regulations may initially be adopted as emergency
3 regulations in accordance with the rulemaking provisions of the
4 Administrative Procedure Act (Chapter 3.5 (commencing with
5 Section 11340) of Part 1 of Division 3 of Title 2 of the
6 Government Code). For purposes of this part, the adoption of
7 regulations shall be deemed an emergency and necessary for the
8 immediate preservation of the public peace, health, and safety or
9 general welfare. Any emergency regulations adopted pursuant to
10 this section shall not remain in effect subsequent to the date that
11 this part is repealed pursuant to Section 15908.

12 (g) As an alternative, and notwithstanding the rulemaking
13 provisions of Chapter 3.5 (commencing with Section 11340) of
14 Part 1 of Division 3 of Title 2 of the Government Code, or any
15 other provision of law, the department may implement and
16 administer this part by means of provider bulletins, county
17 letters, manuals, or other similar instructions, without taking
18 regulatory action. The department shall notify the fiscal and
19 appropriate policy committees of the Legislature of its intent to
20 issue a provider bulletin, county letter, manual, or other similar
21 instruction, at least five days prior to issuance. In addition, the
22 department shall provide a copy of any provider bulletin, county
23 letter, manual, or other similar instruction issued under this
24 paragraph to the fiscal and appropriate policy committees of the
25 Legislature.

26 (h) The department shall consult with interested parties and
27 appropriate stakeholders regarding the implementation and
28 ongoing administration of this part.

29 15908. This part shall become inoperative on the date that
30 the director executes a declaration, which shall be retained by
31 the director and provided to the fiscal and appropriate policy
32 committees of the Legislature, stating that the federal
33 demonstration project provided for in this part has been
34 terminated by the federal Centers for Medicare and Medicaid
35 Services, and shall, six months after the date the declaration is
36 executed, be repealed.

37 SEC. 2. This act is an urgency statute necessary for the
38 immediate preservation of the public peace, health, or safety
39 within the meaning of Article IV of the Constitution and shall go
40 into immediate effect. The facts constituting the necessity are:

1 *In order to implement the federal Medicaid demonstration*
2 *project waiver number 11-W-00193/9 and to ensure that*
3 *uninsured individuals who need health care receive that care at*
4 *the earliest possible time, it is necessary that this act take effect*
5 *immediately.*

6 ~~SECTION 1. Article 6 (commencing with Section 14690) is~~
7 ~~added to Chapter 8.8 of Part 3 of Division 9 of the Welfare and~~
8 ~~Institutions Code, to read:~~

9
10 ~~Article 6. Managed Care Demonstration Project~~
11

12 ~~14690. It is the intent of the Legislature to implement the~~
13 ~~portion of the federally approved demonstration project waiver~~
14 ~~number 11-W-00193/9 that relates to the expansion of Medi-Cal~~
15 ~~managed care enrollment and, through the Healthcare Coverage~~
16 ~~Initiative Act, the extension of health care coverage to~~
17 ~~individuals currently uninsured.~~

18 ~~SEC. 2. Part 3.5 (commencing with Section 15900) is added~~
19 ~~to Division 9 of the Welfare and Institutions Code, to read:~~

20
21 ~~PART 3.5. HEALTHCARE COVERAGE INITIATIVE ACT~~
22

23 ~~15900. This part shall be known and may be cited as the~~
24 ~~Healthcare Coverage Initiative Act.~~

25 ~~15901. The purpose of this part is to provide health care~~
26 ~~coverage for persons who are currently uninsured and not~~
27 ~~otherwise eligible for the Medi-Cal program or the Healthy~~
28 ~~Families Program.~~

29 ~~15902. The Legislature intends to develop and implement the~~
30 ~~health care coverage program established by this part for~~
31 ~~individuals who are currently uninsured.~~

32 ~~15903. This part shall only be implemented to the extent~~
33 ~~federal financial participation is available.~~